

Township of Barry
Barry County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2008

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INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Barry, Michigan**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Barry, Michigan, as of March 31, 2008, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Barry, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Barry, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, as listed in the contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



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The Township of Barry, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Barry, Michigan's basic financial statements. The accompanying supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sigfried Crandall P.C.

August 4, 2008

BASIC FINANCIAL STATEMENTS

Township of Barry
STATEMENT OF NET ASSETS
March 31, 2008

	<u>Primary government</u>	<u>Component units</u>	
	<u>Governmental activities</u>	<u>BPH Fire Department</u>	<u>Delton District Library</u>
ASSETS			
Current assets:			
Cash	\$ 2,194,797	\$ 39,021	\$ 213,908
Receivables	<u>212,243</u>	<u>-</u>	<u>17,586</u>
Total current assets	<u>2,407,040</u>	<u>39,021</u>	<u>231,494</u>
Noncurrent assets:			
Receivables	414,884	-	-
Capital assets, net of accumulated depreciation	<u>1,065,035</u>	<u>397,251</u>	<u>599,657</u>
Total noncurrent assets	<u>1,479,919</u>	<u>397,251</u>	<u>599,657</u>
Total assets	<u>3,886,959</u>	<u>436,272</u>	<u>831,151</u>
LIABILITIES			
Current liabilities:			
Payables	20,820	1,582	3,034
Deferred revenue	10,440	-	-
Current portion of long-term obligations	<u>124,622</u>	<u>-</u>	<u>-</u>
Total current liabilities	155,882	1,582	3,034
Noncurrent liabilities - long-term obligations	<u>300,556</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>456,438</u>	<u>1,582</u>	<u>3,034</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,065,035	397,251	599,657
Restricted for:			
Public safety	1,422,195	-	-
Public works	11,784	-	-
Debt service	4,928	-	-
Unrestricted	<u>926,579</u>	<u>37,439</u>	<u>228,460</u>
Total net assets	<u>\$ 3,430,521</u>	<u>\$ 434,690</u>	<u>\$ 828,117</u>

See notes to the financial statements

Township of Barry
STATEMENT OF ACTIVITIES
Year ended March 31, 2008

		<i>Program revenues</i>		
		<i>Charges for</i>	<i>Operating</i>	<i>Capital</i>
	<u>Expenses</u>	<u>services</u>	<u>grants and</u>	<u>grants and</u>
			<u>contributions</u>	<u>contributions</u>
Functions/Programs				
Primary government				
Governmental activities:				
Legislative	\$ 7,355	\$ -	\$ -	\$ -
General government	231,036	26,213	-	-
Public safety	254,654	13,249	1,723	-
Public works	119,972	12,924	3,839	243,482
Recreation and culture	33,260	-	-	-
Interest on long-term debt	30,541	30,541	-	-
Total primary government	<u>\$ 676,818</u>	<u>\$ 82,927</u>	<u>\$ 5,562</u>	<u>\$ 243,482</u>
Component units				
Public safety	\$ 104,239	\$ 9,231	\$ 75,567	\$ -
Culture and recreation	238,047	32,691	177,328	-
Total component units	<u>\$ 342,286</u>	<u>\$ 41,922</u>	<u>\$ 252,895</u>	<u>\$ -</u>

General revenues:
Property taxes
State shared revenue
Unrestricted interest income
Franchise fees
Other

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

Net (expenses) revenues and changes in net assets

<u>Primary government</u>	<u>Component units</u>	
<u>Governmental activities</u>	<u>BPH Fire Department</u>	<u>Delton District Library</u>
\$ (7,355)		
(204,823)		
(239,682)		
140,273		
(33,260)		
<u>-</u>		
<u>(344,847)</u>		
	\$ (19,441)	\$ -
	<u>-</u>	<u>(28,028)</u>
	<u>(19,441)</u>	<u>(28,028)</u>
509,276	-	-
251,717	-	-
91,384	241	7,641
2,794	-	-
7,107	-	-
<u>862,278</u>	<u>241</u>	<u>7,641</u>
517,431	(19,200)	(20,387)
<u>2,913,090</u>	<u>453,890</u>	<u>848,504</u>
<u>\$ 3,430,521</u>	<u>\$ 434,690</u>	<u>\$ 828,117</u>

See notes to the financial statements

Township of Barry
BALANCE SHEET - governmental funds
 March 31, 2008

	<u>General</u>	<u>Special Fire</u>	<u>Police</u>
ASSETS			
Cash	\$ 751,539	\$ 745,206	\$ 603,887
Receivables	48,367	21,895	21,895
Due from other funds	<u>64,500</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 864,406</u>	<u>\$ 767,101</u>	<u>\$ 625,782</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payables	\$ 2,505	\$ -	\$ 145
Due to other funds	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,505</u>	<u>-</u>	<u>145</u>
Fund balances (deficit):			
Unreserved, undesignated	861,901	767,101	625,637
Unreserved, reported in nonmajor - special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>861,901</u>	<u>767,101</u>	<u>625,637</u>
Total liabilities and fund balances	<u>\$ 864,406</u>	<u>\$ 767,101</u>	<u>\$ 625,782</u>

Total fund balances - all governmental funds

Amounts reported for *governmental activities* in the statement of net assets (page 5)
are different because:

Certain special assessments receivable are not available to pay for current period
expenditures and, therefore, are deferred in the funds.

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds.

Long-term obligations, including contracts payable, are not due and payable
in the current period and, therefore, are not reported in the funds.

Net assets of *governmental activities*

<u>Brooklodge Road</u>	<u>Crooked Lake Sewer</u>	<u>Fair Lake Sewer</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
\$ 16,188	\$ 116	\$ 4,812	\$ 73,049	\$ 2,194,797
81,779	92,530	349,366	11,295	627,127
-	-	-	-	64,500
<u>\$ 97,967</u>	<u>\$ 92,646</u>	<u>\$ 354,178</u>	<u>\$ 84,344</u>	<u>\$ 2,886,424</u>
\$ -	\$ 10,843	\$ 5,875	\$ 1,452	\$ 20,820
64,500	-	-	-	64,500
80,160	81,687	343,491	10,440	515,778
<u>144,660</u>	<u>92,530</u>	<u>349,366</u>	<u>11,892</u>	<u>601,098</u>
(46,693)	116	4,812	-	2,212,874
-	-	-	72,452	72,452
<u>(46,693)</u>	<u>116</u>	<u>4,812</u>	<u>72,452</u>	<u>2,285,326</u>
<u>\$ 97,967</u>	<u>\$ 92,646</u>	<u>\$ 354,178</u>	<u>\$ 84,344</u>	<u>\$ 2,886,424</u>
				\$ 2,285,326
				505,338
				1,065,035
				<u>(425,178)</u>
				<u>\$ 3,430,521</u>

See notes to the financial statements

*Township of Barry***STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds***Year ended March 31, 2008*

	<u>General</u>	<u>Special Fire</u>	<u>Police</u>	<u>Brooklodge Road</u>
REVENUES				
Property taxes	\$ 110,158	\$ 205,213	\$ 205,213	\$ -
Federal grant	173,500	-	-	-
State grants	320,956	-	1,723	-
Charges for services	5,900	-	-	-
Interest and rentals	41,002	27,761	21,806	25
Other	8,990	4,359	1,514	16,032
	<u>660,506</u>	<u>237,333</u>	<u>230,256</u>	<u>16,057</u>
Total revenues				
EXPENDITURES				
Legislative	7,355	-	-	-
General government	231,146	-	-	-
Public safety	-	47,483	107,875	-
Public works	158,948	-	-	500
Recreation and culture	33,260	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	354,511	-	32,480	-
	<u>785,220</u>	<u>47,483</u>	<u>140,355</u>	<u>500</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(124,714)</u>	<u>189,850</u>	<u>89,901</u>	<u>15,557</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(66,541)	-	-
	<u>-</u>	<u>(66,541)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
NET CHANGES IN FUND BALANCES	(124,714)	123,309	89,901	15,557
FUND BALANCES (DEFICIT) - BEGINNING	<u>986,615</u>	<u>643,792</u>	<u>535,736</u>	<u>(62,250)</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 861,901</u>	<u>\$ 767,101</u>	<u>\$ 625,637</u>	<u>\$ (46,693)</u>

<i>Crooked Lake Sewer</i>	<i>Fair Lake Sewer</i>	<i>Nonmajor governmental funds</i>	<i>Total governmental funds</i>
\$ -	\$ -	\$ -	\$ 520,584
-	-	-	173,500
-	-	-	322,679
-	-	15,763	21,663
4,796	25,934	1,507	122,831
<u>43,629</u>	<u>38,547</u>	<u>16,996</u>	<u>130,067</u>
<u>48,425</u>	<u>64,481</u>	<u>34,266</u>	<u>1,291,324</u>
-	-	-	7,355
-	-	476	231,622
-	-	53,720	209,078
-	500	14,210	174,158
-	-	-	33,260
43,629	38,547	-	82,176
4,795	25,746	-	30,541
<u>-</u>	<u>-</u>	<u>8,531</u>	<u>395,522</u>
<u>48,424</u>	<u>64,793</u>	<u>76,937</u>	<u>1,163,712</u>
<u>1</u>	<u>(312)</u>	<u>(42,671)</u>	<u>127,612</u>
-	-	66,541	66,541
<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,541)</u>
<u>-</u>	<u>-</u>	<u>66,541</u>	<u>-</u>
1	(312)	23,870	127,612
<u>115</u>	<u>5,124</u>	<u>48,582</u>	<u>2,157,714</u>
<u>\$ 116</u>	<u>\$ 4,812</u>	<u>\$ 72,452</u>	<u>\$ 2,285,326</u>

See notes to the financial statements

Township of Barry

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - *governmental funds* (Continued)**

Year ended March 31, 2008

Net changes in fund balances - total governmental funds \$ 127,612

Amounts reported for *governmental activities* in the statement
of activities (page 6) are different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the costs of those assets are allocated
over their estimated useful lives as depreciation expense.

Add - capital outlay	503,848
Deduct - depreciation expense	(102,577)

Repayment of long-term obligation principal is an expenditure in
the governmental funds, but the repayment reduces long-term
obligations in the statement of net assets.

Add - principal payments on long-term obligations	82,176
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Because some special assessments will not be collected until
subsequent periods, they are not considered available
revenues and are deferred in the governmental funds.

Deduct - decrease in deferred special assessment revenues	<u>(93,628)</u>
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Change in net assets of <i>governmental activities</i>	<u>\$ 517,431</u>
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See notes to the financial statements

Township of Barry
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Barry, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Township (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Discretely-presented component units:

The component unit columns in the financial statements include the financial data of the Delton District Library and the BPH Fire Department. These entities are presented in separate columns to emphasize that they are legally separate from the Township. These entities are considered component units of the Township because their deposits are held by the Township. Separate financial statements for the component units have not been issued as management believes that these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of each component unit.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental activities. Major individual governmental funds are reported as separate columns in the fund financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

b) Government-wide and fund financial statements (continued):

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers property tax revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures relating to claims and judgments are recorded only when payment is due.

c) Measurement focus, basis of accounting, and financial statement presentation:

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current year is considered susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Special Fire Fund accounts for the financial resources used to finance the Township's fire protection costs. Revenues are primarily derived from property taxes.

The Police Fund accounts for the financial resources used to finance Township's police protection costs. Revenues are primarily derived from property taxes.

The Brooklodge Road Fund accounts for financial resources used to finance specific road improvement costs. Revenues are primarily derived from special assessments.

The Crooked Lake Sewer Fund accounts for the issuance and payment of debt related to the Crooked Lake Sewer improvements. Revenues are primarily derived from special assessments.

The Fair Lake Sewer Fund accounts for the issuance and payment of debt related to the Fair Lake Sewer improvements. Revenues are primarily derived from special assessments.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). The Township has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

ii) Receivables - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) Capital assets - Capital assets, which include property, equipment, and infrastructure assets (e.g., shared road costs), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	15 - 30 years
Buildings and improvements	15 - 60 years
Equipment	5 - 20 years
Shared road costs	15 - 30 years

iv) Deferred revenue - In the fund financial statements, governmental funds report deferred revenue in connection with resources for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

v) Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) Property tax revenue recognition - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. The Township had no significant budget variances during the fiscal year.

NOTE 3 - CASH:

At March 31, 2008, cash is classified in the accompanying financial statements as follows:

	<u>Primary government</u>	<u>Component units</u>		
	<u>Governmental activities</u>	<u>BPH Fire Department</u>	<u>Delton District Library</u>	<u>Total</u>
Deposits with financial institutions	<u>\$ 2,194,797</u>	<u>\$ 39,021</u>	<u>\$ 213,908</u>	<u>\$ 2,447,726</u>

Deposits with financial institutions:

The cash balances of the Township's governmental activities and discretely presented component units, which consist entirely of deposits with financial institutions, amounted to \$2,447,726 at year end. Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk of deposits is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. Corresponding bank balances and the uninsured portions are as follows:

	<u>Bank balances</u>	<u>Uninsured portion</u>
Township	\$ 2,204,131	\$ 1,644,719
BPH Fire Department	39,028	39,028
Delton District Library	214,104	214,104

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES:

Receivables as of March 31, 2008 for the Township's funds are as follows:

<i>Fund</i>	<i>Property taxes</i>	<i>Special assessments</i>	<i>Accounts</i>	<i>Inter- governmental</i>	<i>Totals</i>
General	\$ 9,905	\$ -	\$ -	\$ 38,462	\$ 48,367
Special Fire	21,895	-	-	-	21,895
Police	21,895	-	-	-	21,895
Brooklodge Road	-	81,779	-	-	81,779
Crooked Lake Sewer	-	92,530	-	-	92,530
Fair Lake Sewer	-	349,366	-	-	349,366
Nonmajor funds	-	11,295	-	-	11,295
Totals	\$ 53,695	\$ 534,970	\$ -	\$ 38,462	\$ 627,127
Noncurrent portion	\$ -	\$ 414,884	\$ -	\$ -	\$ 414,884

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2008, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Primary government				
Capital assets being depreciated:				
Vehicles	\$ 620,818	\$ 26,808	\$ -	\$ 647,626
Buildings	328,425	9,935	-	338,360
Shared road costs	278,842	452,363	-	731,205
Equipment	274,592	14,742	-	289,334
Subtotal	1,502,677	503,848	-	2,006,525
Less accumulated depreciation for:				
Vehicles	(503,626)	(25,863)	-	(529,489)
Buildings	(220,491)	(7,401)	-	(227,892)
Shared road costs	(13,722)	(45,937)	-	(59,659)
Equipment	(101,074)	(23,376)	-	(124,450)
Subtotal	(838,913)	(102,577)	-	(941,490)
Governmental activities capital assets, net	\$ 663,764	\$ 401,271	\$ -	\$ 1,065,035

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Discretely presented component units:				
BPH Fire Department				
Equipment and vehicles	\$ 839,665	\$ 9,356	\$ -	\$ 849,021
Less accumulated depreciation	<u>(418,354)</u>	<u>(33,416)</u>	<u>-</u>	<u>(451,770)</u>
BPH Fire Department capital assets, net	<u>\$ 421,311</u>	<u>\$ (24,060)</u>	<u>\$ -</u>	<u>\$ 397,251</u>
Delton District Library				
Building, books, and equipment	\$ 978,628	\$ 5,000	\$ -	\$ 983,628
Less accumulated depreciation	<u>(342,495)</u>	<u>(41,476)</u>	<u>-</u>	<u>(383,971)</u>
Delton District Library capital assets, net	<u>\$ 636,133</u>	<u>\$ (36,476)</u>	<u>\$ -</u>	<u>\$ 599,657</u>

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 12,796
Public safety	42,804
Public works	<u>46,977</u>
	<u>\$102,577</u>

NOTE 6 - PAYABLES:

Payables as of year end for the Township's funds are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 2,505	\$ -	\$ 2,505
Police	145	-	145
Crooked Lake Sewer	-	10,843	10,843
Fair Lake Sewer	-	5,875	5,875
Nonmajor funds	<u>1,452</u>	<u>-</u>	<u>1,452</u>
Totals	<u>\$ 4,102</u>	<u>\$ 16,718</u>	<u>\$ 20,820</u>

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - DEFERRED REVENUE:

Governmental funds report deferred revenues in connection with revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenues are as follows:

<u>Fund</u>	<u>Unavailable</u>	<u>Unearned</u>
Crooked Lake Sewer	\$ 81,687	\$ -
Fair Lake Sewer	343,491	-
Brooklodge Road	80,160	-
Nonmajor funds	-	10,440
Totals	<u>\$ 505,338</u>	<u>\$ 10,440</u>

NOTE 8 - LONG-TERM OBLIGATIONS:

Long-term obligations at March 31, 2008, are comprised of the following issue:

Special assessment debt:

The Township has a contractual agreement to remit to the Southwest Barry County Sewer and Water Authority (the Authority) all principal and interest collections arising from special assessments levied on properties served by the Authority. In the event that the Authority is unable to meet its debt service requirements, an assessment may be made against the Township. The Township has pledged its full faith and credit for the payment of its share of any such deficiency.

Crooked Lake Sewer	\$ 81,687
Fair Lake Sewer	<u>343,491</u>
	<u>\$ 425,178</u>

Long-term obligation activity for the ended March 31, 2008, is as follows:

Balance - beginning	\$ 507,354
Retirements	<u>(82,176)</u>
Balance - ending	<u>\$ 425,178</u>
Due within one year	<u>\$ 124,622</u>

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - LONG-TERM OBLIGATIONS (Continued):

Debt service requirements at March 31, 2008, are as follows:

<u>Year ended March 31:</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 124,622	\$ 23,306
2010	42,936	17,670
2011	42,936	15,145
2012	42,936	12,621
2013	42,936	10,097
2014 - 2016	<u>128,812</u>	<u>15,143</u>
Totals	<u>\$ 425,178</u>	<u>\$ 93,982</u>

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

A summary of interfund receivables and payables for the year ended March 31, 2008, is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	<u>\$ 64,500</u>	Brooklodge Road	<u>\$ 64,500</u>

The amount payable by the Brooklodge Road Fund to the General Fund represents temporary cash flow assistance. The amount will be repaid as special assessments are collected.

The interfund transfer for the year ended March 31, 2008, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
Hickory Fire	<u>\$ 66,541</u>	Special Fire	<u>\$ 66,541</u>

The transfer to the Hickory Fire Fund represents revenues collected in the Special Fire Fund to pay for public safety costs.

NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits for its elected officials, full-time police officers, and cemetery sexton through a defined contribution plan. The plan became effective on April 1, 1984. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The Township contributes annually 16% of the employees' base salary, or \$150, whichever is greater. The Township's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets. The Township made the required contributions for the year in the amount of \$26,774.

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Delton District Library, a discretely presented component unit, is party to the Township's insurance policies. The BPH Fire Department, a discretely presented component unit, manages risk of loss through the purchase of commercial insurance.

NOTE 12 - JOINTLY GOVERNED ENTITY:

The Township, together with the Townships of Johnstown, Hope, and Prairieville established the Southwest Barry County Sewer and Water Authority (the Authority), under the provisions of Act 233 of 1955, to operate, maintain, administer, and manage a sewage collection and disposal system. The governing body of the Authority is made up of the supervisors of each member township. Membership does not convey an equity interest in the organization. Operating costs are financed through user fees, and debt service costs are paid from special assessments upon benefited properties.

NOTE 13 - ACCUMULATED DEFICIT:

The Brooklodge Road Fund has an accumulated deficit in the amount of \$46,693. The deficit is the result of accounting policy which limits the amount of special assessments that can be recognized to the matured portion of such assessments. The deficit will be eliminated as special assessments are collected in subsequent years.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Barry**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 101,000	\$ 101,000	\$ 110,158	\$ 9,158
Federal grants	173,500	173,500	173,500	-
State grants	318,900	318,900	320,956	2,056
Charges for services	7,500	7,500	5,900	(1,600)
Interest and rentals	17,400	17,400	41,002	23,602
Other	12,850	12,850	8,990	(3,860)
Total revenues	<u>631,150</u>	<u>631,150</u>	<u>660,506</u>	<u>29,356</u>
EXPENDITURES				
Legislative	7,100	7,100	7,355	(255)
General government	454,924	454,924	231,146	223,778
Public works	356,100	356,100	158,948	197,152
Recreation and culture	37,000	37,000	33,260	3,740
Capital outlay	500,200	500,200	354,511	145,689
Total expenditures	<u>1,355,324</u>	<u>1,355,324</u>	<u>785,220</u>	<u>570,104</u>
NET CHANGES IN FUND BALANCES	(724,174)	(724,174)	(124,714)	599,460
FUND BALANCES - BEGINNING	<u>986,615</u>	<u>986,615</u>	<u>986,615</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 262,441</u>	<u>\$ 262,441</u>	<u>\$ 861,901</u>	<u>\$ 599,460</u>

Township of Barry

BUDGETARY COMPARISON SCHEDULE - *Special Fire Fund*

Year ended March 31, 2008

	<i>Original budget</i>	<i>Amended budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>
REVENUES				
Property taxes	\$ 182,500	\$ 182,500	\$ 205,213	\$ 22,713
Interest	5,000	5,000	27,761	22,761
Other	6,950	6,950	4,359	(2,591)
Total revenues	<u>194,450</u>	<u>194,450</u>	<u>237,333</u>	<u>42,883</u>
EXPENDITURES				
Public safety	63,689	63,689	47,483	16,206
Capital outlay	<u>275,000</u>	<u>275,000</u>	<u>-</u>	<u>275,000</u>
Total expenditures	<u>338,689</u>	<u>338,689</u>	<u>47,483</u>	<u>291,206</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(144,239)	(144,239)	189,850	334,089
OTHER FINANCING USES				
Transfer out - Hickory Fire Fund	<u>(147,920)</u>	<u>(147,920)</u>	<u>(66,541)</u>	<u>81,379</u>
NET CHANGES IN FUND BALANCES	(292,159)	(292,159)	123,309	415,468
FUND BALANCES - BEGINNING	<u>643,792</u>	<u>643,792</u>	<u>643,792</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 351,633</u>	<u>\$ 351,633</u>	<u>\$ 767,101</u>	<u>\$ 415,468</u>

Township of Barry
BUDGETARY COMPARISON SCHEDULE - Police Fund
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 182,500	\$ 182,500	\$ 205,213	\$ 22,713
State grant	1,500	1,500	1,723	223
Interest	4,000	4,000	21,806	17,806
Other	1,300	1,300	1,514	214
Total revenues	<u>189,300</u>	<u>189,300</u>	<u>230,256</u>	<u>40,956</u>
EXPENDITURES				
Public safety	112,870	112,870	107,875	4,995
Capital outlay	<u>35,900</u>	<u>35,900</u>	<u>32,480</u>	<u>3,420</u>
Total expenditures	<u>148,770</u>	<u>148,770</u>	<u>140,355</u>	<u>8,415</u>
NET CHANGES IN FUND BALANCES	40,530	40,530	89,901	49,371
FUND BALANCES - BEGINNING	<u>535,736</u>	<u>535,736</u>	<u>535,736</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 576,266</u>	<u>\$ 576,266</u>	<u>\$ 625,637</u>	<u>\$ 49,371</u>

SUPPLEMENTARY INFORMATION

Township of Barry
COMBINING BALANCE SHEET - nonmajor governmental funds
 March 31, 2008

	<u>Special revenue funds</u>		
	<u>Cemetery</u>	<u>Forfeiture</u>	<u>SWBC Development Team</u>
ASSETS			
Cash	\$ 31,211	\$ 1,589	\$ 1,428
Receivables	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 31,211</u>	<u>\$ 1,589</u>	<u>\$ 1,428</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payables	\$ -	\$ -	\$ -
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	-
Fund balances - unreserved, undesignated	<u>31,211</u>	<u>1,589</u>	<u>1,428</u>
Total liabilities and fund balances	<u>\$ 31,211</u>	<u>\$ 1,589</u>	<u>\$ 1,428</u>

<i>Crooked Lake Weed Control</i>	<i>Hickory Fire</i>	<i>Total nonmajor governmental funds</i>
\$ 10,929	\$ 27,892	\$ 73,049
11,295	-	11,295
<u>\$ 22,224</u>	<u>\$ 27,892</u>	<u>\$ 84,344</u>
\$ -	\$ 1,452	\$ 1,452
10,440	-	10,440
10,440	1,452	11,892
11,784	26,440	72,452
<u>\$ 22,224</u>	<u>\$ 27,892</u>	<u>\$ 84,344</u>

Township of Barry

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - *nonmajor governmental funds***

Year ended March 31, 2008

	<u>Special revenue funds</u>		
	<u>Cemetery</u>	<u>Forfeiture</u>	<u>SWBC Development Team</u>
REVENUES			
Charges for services	\$ 8,100	\$ -	\$ 2,227
Interest	1,206	30	9
Other	-	6,299	167
	<u>-</u>	<u>6,299</u>	<u>167</u>
Total revenues	<u>9,306</u>	<u>6,329</u>	<u>2,403</u>
EXPENDITURES			
General government	476	-	-
Public safety	-	4,740	-
Public works	-	-	2,396
Capital outlay	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>476</u>	<u>4,740</u>	<u>2,396</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,830	1,589	7
OTHER FINANCING SOURCES			
Transfers in	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	8,830	1,589	7
FUND BALANCES - BEGINNING	<u>22,381</u>	<u>-</u>	<u>1,421</u>
FUND BALANCES - ENDING	<u>\$ 31,211</u>	<u>\$ 1,589</u>	<u>\$ 1,428</u>

<i>Crooked Lake Weed Control</i>	<i>Hickory Fire</i>	<i>Total nonmajor governmental funds</i>
\$ -	\$ 5,436	\$ 15,763
176	86	1,507
<u>10,530</u>	<u>-</u>	<u>16,996</u>
 10,706	 5,522	 34,266
 -	 -	 476
-	48,980	53,720
11,814	-	14,210
<u>-</u>	<u>8,531</u>	<u>8,531</u>
 11,814	 57,511	 76,937
 (1,108)	 (51,989)	 (42,671)
 -	 66,541	 66,541
 (1,108)	 14,552	 23,870
<u>12,892</u>	<u>11,888</u>	<u>48,582</u>
 \$ 11,784	 \$ 26,440	 \$ 72,452

August 4, 2008

To the Board of Trustees
Township of Barry

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Barry for the year ended March 31, 2008, and have issued our report thereon dated August 4, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 11, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Barry are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the Township of Barry during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset depreciation.

Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Township's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.



1958-2008

The disclosures in the financial statements are neutral, consistent, and clear.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter associated with the audits for the year ended March 31, 2008.

Other Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Barry's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the Township of Barry as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Barry's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls and, accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

- The Township has not implemented a system of controls to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to achieve the objectives of recording revenue and expense accruals, the capitalization and depreciation of capital assets, and the presentation of financial statement disclosures. This is a recurring comment. The Township has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.

This communication is intended solely for the information and use of the Board of Trustees of the Township of Barry and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Sigfried Crandall P.C.